



STATE OF WASHINGTON

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To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 6, Substitute House Bill No. 1127 entitled:

"AN ACT Relating to the selling of commercially harvested fish;"

This bill expands the scope of the direct retail endorsement. The endorsement is an optional add-on to a commercial fishing license that allows the holder to sell salmon, crab, and sturgeon directly into the retail market.

Section 6 would have changed the tax base for the enhanced food fish tax from "value" to "comparable sales price for similar species of fish." This new tax base would be applicable to all food fish, not just to food fish sold pursuant to the direct retail endorsement. The new tax base is undefined and would deprive taxpayers of certainty. Its administration would be burdensome and complicated for both the industry and the Department of Revenue.

I am directing the Department of Revenue to work with the concerned parties to resolve issues surrounding the tax base of food fish sold pursuant to a direct retail endorsement. This should involve education on the current application of the tax, as well as development of potential legislation that would address direct retail endorsement sales only.

For these reasons, I have vetoed section 6 of Substitute House Bill No. 1127.

With the exception of section 6, Substitute House Bill No. 1127 is approved.

Respectfully submitted,

Gary Locke
Governor